

Message Text

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ACTION ARA-17

INFO OCT-01 ADP-00 EB-11 COME-00 OMB-01 SCEM-02 INT-08

CIEP-02 CEA-02 TRSE-00 SS-15 NSC-10 H-02 L-03 CIAE-00

DODE-00 INR-10 NSAE-00 PA-03 RSC-01 USIA-12 PRS-01

PM-09 RSR-01 /111 W

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R 252245 Z APR 73

FM AMEMBASSY TEGUCIGALPA

TO SECSTATE WASHDC 4200

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E. O. 11652: N/ A

TAGS: ENRG, EFIN, HO

SUBJECT: INCREASE IN GASOLINE AND OTHER FUEL PRICES

REF: TEGUCIGALPA 1406

1. BEGIN SUMMARY: GOH HAS APPARENTLY DECIDED TO
FREEZE REFINERY PRICES IN ORDER TO AVOID RETAIL
PRICE INCREASE. END SUMMARY.

2. ACCORDING TO LOCAL MANAGER OF ESSO, MINECON BENNATON
HAS INFORMED HIM THAT GOH HAS DECIDED TO ROLL BACK
REFINERY PRICES FOR GASOLINE AND OTHER FUELS TO
FEBRUARY LEVEL OR EVEN NOVEMBER 1972 LEVEL. ACCORDING
TO BENNATON, COUNCIL OF MINISTERS WAS TO DISCUSS
PROPOSED DECREE IN MEETING ON APRIL 24 AND THAT
DECREE WOULD BE PUBLISHED IMMEDIATELY THEREAFTER. UP TO
APRIL 25 DECREE HAS NOT, REPEAT NOT, BEEN PUBLISHED.
ESSO MANAGER STATED THAT HE INFORMED MINISTER THAT
FREEZING OF REFINERY PRICES WOULD MERELY TRANSFER PRICE
PROBLEM FROM DISTRIBUTORS TO REFINERY WITHOUT ANY
SOLUTION TO BASIC PROBLEM CAUSED BY INCREASED WORLD
PRICES OF CRUDE PETROLEUM. BENNATON ALSO ADVISED ESSO
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MANAGER NOT, REPEAT NOT, PAY MOST RECENT BILLINGS FROM REFINERY AT NEW HIGHER RATES. WHEN ESSO REPRESENTATIVE STATED THAT REFINERY WOULD NOT SUPPLY FUEL UNLESS BILLS WERE PAID, BENNATON REPEATED ADVICE NOT TO PAY AT HIGHER RATES.

3. COMMENT: ON APRIL 17 AMB RYAN BROUGHT UP GENERAL PROBLEM WITH MINFINANCE ACOSTA, POINTING OUT FORCEFULLY ECONOMIC IMPOSSIBILITIES OF INDEFINITELY FREEZING PRICES FOR END PRODUCTS WHOSE RAW MATERIALS ARE STEADILY COSTING MORE. ACOSTA DODGED DISCUSSING MERITS OF CASE, SAYING ONLY THAT HE WAS " STUDYING" IT.

4. IN CONVERSATION WITH COML ATT ON APRIL 14, MANAGER OF TEXACO REFINERY STATED THAT IT WAS LONG STANDING REFINERY POLICY NOT TO PROVIDE SUPPLIES UNLESS BILLS WERE PAID IN FULL. IF GOH PROCEEDS TO ROLL BACK REFINERY PRICES IT CAN BE EXPECTED THAT TEXACO WILL MAKE STRONG REPRESENTATIONS BUT EMBASSY HOPES THAT THERE WILL NOT, REPEAT NOT, BE ANY THREATS OF SUSPENSION OF DELIVERIES SINCE SUCH ACTION MIGHT PROVOKE GOH TO TAKE OVER REFINERY. EMBASSY WOULD HOPE THAT TEXACO WOULD DISCUSS WITH GOH ALL ASPECTS OF SITUATION BEFORE MAKING ANY PUBLIC THREATS.
RYAN

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*** Current Handling Restrictions *** n/a

*** Current Classification *** LIMITED OFFICIAL USE

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